Government of
Saskatchewan

Annual Report
1990-91

Judges of the Provincial Court Superannuation Plan

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Minister of Justice
and Attorney General

SASKATCHEWAN

Legislative Building
Regina, Saskatchewan S4S 0B3

Her Honour, Sylvia Fedoruk, OC SOM
Lieutenant Governor of the
Province of Saskatchewan
Government House
4607 Dewdney Avenue
Regina, Saskatchewan
S4P 3V7

Dear Madam:

Letter of Transmittal

I have the honour to transmit herewith the thirteenth Annual Report of the Judges of the Provincial Court Superannuation Plan for the year ending March 31, 1991.

I have the honour to be, Madam,
Your obedient servant,

Robert Mitchell, Q.C.
Minister of Justice

Introduction

Section 27(1) of The Provincial Court Act established the Judges of the Provincial Court Superannuation Plan to provide pensions to judges employed by the province. Previously pensions had been provided to qualifying judges through The Magistrates' Courts Act. Judges appointed at the time the Plan was established had the option of retaining the benefits provided under The Magistrates' Courts Act, or opting to contribute to the Plan and earn a pension under The Provincial Court Act. For those judges who transferred, service under The Magistrates' Courts Act is included as service in the calculation of pensions under The Provincial Court Act.

Operation of the Plan

The Plan is credited with contributions paid by judges together with interest earned on the investment of monies in the Plan. Payments may be made out of the Plan for pensions, annuities, supplementary allowances, refunds and interest. Any deficiency in the Plan is paid out of the Consolidated Fund.

Payments of annuities, granted under The Magistrates' Courts Act, to retired magistrates or widows of retired magistrates are continued under The Provincial Court Act. The annuities also are considered to be a deficiency in the Plan and are reimbursed by way of a payment from the Consolidated Fund each fiscal year.

The deficiency payment for the period April 1, 1990 to March 31, 1991 amounted to $347,948. Note 4 to the financial statements provides the detail of amounts making up the payment from the Consolidated Fund.

The Judges of the Provincial Court Superannuation Plan is a formula pension plan which provides pensions based on average salary and years of service as a judge or magistrate. The Magistrates' Courts Act provided an allowance to qualifying magistrates based on earnings at time of retirement.

A spouse of a judge in receipt of a pension is entitled to 60% of the judge's pension upon the death of the judge.

Contributions and Membership

For the period October 1, 1978 to December 31, 1980, judges contributed 9% of their salary to the Plan. For the period January 1, 1981 to December 31, 1986, judges were required to contribute 9% of their salary to the maximum deductible contribution to a registered pension plan, as allowed by the Income Tax Act (Canada) and as amended from time to time. On and after January 1, 1987, judges contribute 5% of their salary. Contributions are integrated with contributions to the Canada Pension Plan.

Contributions to the Plan for the year totalled $135,801. As at March 31, 1991, 34 judges were contributing to the Plan.

Pensions

Annuities paid to retired judges, or their widows, under both The Magistrates' Courts Act and The Provincial Court Act totalled $376,713 for the fiscal year 1990-91.

Investments

Effective June 1, 1988 the Investment Corporation of Saskatchewan became responsible for managing the investments of the Plan. Prior to this date, investments were managed by the Investment and Financial Services Division of Saskatchewan Finance. The investment policy directs that the assets of the Plan shall be in long-term, high quality investments yielding the best possible return with minimum risk. At March 31, 1991 the market value of the investment portfolio was $3,353,032. Of this amount, $1,186,709 was invested in bonds and debentures while $1,219,352 was in short-term investments and cash and $946,971 in shares.

Administration

Effective April 1, 1988, expenses of administering the Judges of the Provincial Court Superannuation Plan were charged to the Plan. Previously, these costs were paid out of monies appropriated by the Legislature.

Administration of the Plan is assigned to the Public Employees Benefits Agency of Saskatchewan Finance.

Judges of The Provincial Court Superannuation Plan

Financial Statements

For the Year Ended March 31, 1991

Auditor's Report

To the Members of the Legislative Assembly
of Saskatchewan

I have audited the statement of net assets available for benefits of the Judges of the Provincial Court Superannuation Plan as at March 31, 1991 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Plan as at March 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

W.K. Strelioff

W. K. Strelioff, C.A.
Provincial Auditor

Regina, Saskatchewan
July 26, 1991, except
as to Note 5 which is
as of November 8, 1991

Statement 1

Judges of The Provincial Court Superannuation Plan
Statement of Net Assets Available for Benefits

As at March 31

	1991	1990
Assets		
Investments		
Cash and short term investments	$ 946,971	$ 380,625
Bonds and debentures	1,186,709	1,457,840
Equities	1,219,352	965,518
	3,353,032	2,803,983
Receivables		
Employees' contributions	8,362	12,665
Accrued investment income	46,364	39,247
Other	484	379
	55,210	52,291
Total assets	$3,408,242	$2,856,274
Liabilities		
Administrative expenses payable	5,741	3,365
Total liabilities	5,741	3,365
Net assets available for benefits	$3,402,501	$2,852,909

(See accompanying notes)

Judges of The Provincial Court Superannuation Plan
Statement of Changes in Net Assets Available for Benefits

Year Ended March 31

	1991	1990
Increase in assets		
Investment income		
Interest	$ 247,070	$ 238,549
Dividends	32,761	27,031
Other	4,221	4,982
	284,052	270,562
Market value adjustments (Note 3)	185,508	(78,864)
Contributions by judges	135,801	126,932
Deficiency payment from consolidated fund (Note 4)	347,948	308,366
Total increase in assets	953,309	626,996
Decrease in assets		
Administration expenses (Note 6)	27,004	26,413
Superannuation allowances		
Magistrates' Court Act	35,812	38,758
Provincial Court Act	340,901	315,328
	403,717	380,499
Total decrease in assets	549,592	246,497
Increase in net assets		
Net assets available for benefits, beginning of year	2,852,909	2,606,412
Net assets available for benefits, end of year	$3,402,501	$2,852,909

(See accompanying notes)

Judges of The Provincial Court Superannuation Plan
Notes to Financial Statements

March 31, 1991

1. **Description of the Plan**

a) **General**

The Judges of the Provincial Court Superannuation Plan was established on October 1, 1978 under The Provincial Court Act to provide a defined benefit final average pension plan for the Judges of the Provincial Court of Saskatchewan.

The Act also established the Judges of the Provincial Court Superannuation Fund to accumulate all contributions paid by judges, any investment income and payments received from the Consolidated Fund. Pensions, annuities, supplementary allowances, refunds and interest are paid out of the Fund.

Further, plan details are contained in The Provincial Court Act, and the related regulations.

b) **Administration**

The Minister of Finance administers the Judges of the Provincial Court Superannuation Fund and is responsible for the investment of the Fund. Day-to-day administration is provided by the Public Employees Benefits Agency.

c) **Funding Policy**

Judges contribute 5% of salary each year. Contributions are reduced by an amount equal to deemed Canada Pension Plan contributions.

d) **Retirement**

The normal retirement age is 65. Judges appointed under The Magistrates' Court Act retire at age 70.

Judges may retire as early as age 55 having served for at least 10 years. However, the early retirement pension is reduced by a factor prescribed by the Act.

e) **Pension**

The annual pension payable to a superannuated judge is 3% of the average salary received by the judge during the judge's last three years of service, multiplied by the total number of years of service for which the judge has contributed. The maximum number of years of service is 23 1/3 years.

f) **Refunds of Contributions**

A judge who retires, resigns or is removed from office and who is not entitled to receive a pension, is entitled to receive a refund of contributions together with interest.

2. **Significant Accounting Policies**

Investments

a) Investment in bonds and equities are recorded at market values which are determined by reference to closing year end sale prices from recognized security dealers or, in the absence of recorded sales, by reference to closing year end bid and ask prices.

b) Short term investments are valued at cost which approximates market value.

3. **Change in Accounting Policy**

The recommendations of Section 4100 of the Canadian Institute of Chartered Accountants (CICA) Handbook were adopted for 1990-91 fiscal year and applied on a retroactive basis. As a result, the format of the financial statements has been changed and the basis of valuation for investments was changed from cost to market value (see Note 2).

The effect of the change is as follows:

	1991	1990
Increase (decrease) in investments	$ 57,661	$ (69,208)
Decrease in (gain) loss on sale of investments	(58,639)	(73,057)
Increase (decrease) in market value adjustment	185,508	(78,864)
Increase (decrease) in net assets available for benefits, beginning of year	(69,208)	82,713
Increase (decrease) in net assets available for benefits, end of year	$ 57,661	$ (69,208)

4. Deficiency Payment from the Consolidated Fund

Section 52 of The Provincial Court Act provides that annuities being paid under the Magistrates' Courts Act shall be paid out of the Judges of the Provincial Court Superannuation Fund. Section 31 of The Provincial Court Act provides that a judge of the Magistrates Court prior to October 1, 1978 may elect to receive the benefits to which he was entitled under The Magistrates' Courts Act rather than contributing to the Judges of the Provincial Court Superannuation Fund and receiving benefits as determined by The Provincial Court Act. Subsection 27(3) of The Provincial Court Act provides that any deficiency in the Judges of the Provincial Court Superannuation Fund shall be paid out of the Consolidated Fund. Accordingly, the annuities which are now or will become payable under The Magistrates' Courts Act are considered to be a deficiency and the Judges of the Provincial Court Superannuation Fund is reimbursed by way of a statutory appropriation from the Consolidated Fund each year. Also considered as a deficiency for administrative purposes are any amounts payable under The Provincial Court Act to superannuates which are in excess of an individual's accumulated contributions, and payments from the Consolidated Fund are increased accordingly. In addition, lump sum contributions may be received from the Consolidated Fund to reduce any unfunded liability.

	1991	1990
Deficiencies		
- The Magistrates' Courts Act	$ 35,812	$ 40,141
- The Provincial Court Act	312,136	268,225
	$347,948	$308,366

5. Obligations for Pension Benefits

An actuarial valuation was prepared as at March 31, 1991, by Eckler Partners Ltd., Actuaries & Consultants.

The present value of accrued pension benefits was determined using the accrued benefit method with salary projection prorated on services, adjusted for benefit variations resulting from integration of the Plan with the Canada Pension Plan. The best estimate assumptions used were approved by the Public Employees Benefits Agency.

The actuarial valuation balance sheet for the Plan is as follows:

Assets and Unfunded Actuarial Liability:	
Net assets available for benefits	$ 3,402,501
Unfunded actuarial liability	10,517,430
Net assets and unfunded actuarial liability	$13,919,931
Actuarial Liabilities:	
Actuarial present value of benefits for active members:	
- accrued pensions	$10,665,158
Actuarial present value of benefits payable to superannuates and spouses	3,254,773
Total actuarial liabilities	$13,919,931

The last actuarial valuation of the Plan as at January 1, 1983, determined that, using the accrued benefit method with salary projection prorated on service, the present value of accumulated benefits resulting from service provided to the valuation date was $7.0 million. This amount, less the asset valuation of $0.7 million based on book values, resulted in a net unfunded actuarial liability of $6.3 million at January 1, 1983. Due to the length of time between valuations, it was

not practicable for the actuary to identify the principal components of the change in total actuarial liabilities.

The significant long-term actuarial assumptions used in the valuations were:

	Valuation as at March 31	
	1991	1984
Asset rate of return	8.0%	10.0%
Salary escalation rate	6.0%	7.5%
Inflation rate	4.5%	6.0%

If there are insufficient moneys in the Fund to pay allowances or other payments, the Minister of Finance is obligated to pay any such deficiency out of the Consolidated Fund.

6. **Related Party Transactions**

a) **Administration**

Expenses associated with administering the Plan are paid out of the Fund to the Public Employees' Benefits Agency Revolving Fund.

b) **Investment Management Services**

The Investment Corporation of Saskatchewan (ICS) provides investment management services to the Fund on a fee for service basis. The Fund is a shareholder in ICS along with several other Saskatchewan public sector pension funds and government agencies. The Fund holds 100 Class A shares and 666 Class B shares in the Investment Corporation of Saskatchewan.

Included in the totals for bonds and debentures are Province of Saskatchewan holdings of $520,296 (1990 - $394,603).

Account balances resulting from the above transactions are included in the statements of net assets available for benefits and are settled on normal trade terms.

7. **Legal**

Judges of the Provincial Court Superannuation Plan is party to a claim relating to pension benefits. The ultimate outcome of this claim is not yet determinable. Pension benefit payments arising from the resolution of this claim will be accounted for as an expenditure of the year in which the settlement occurs.

8. **Comparative Figures**

Certain of the comparative figures have been restated to conform with the current year's presentation.